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MONTANA FOREST PRODUCTS BULLETIN

Department of State Lands, Division of Forestry
2705 Spurgin Road, Missoula, Montana 59801
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GARY G. BROWN, State Forester

PAUL MOORE, Editor

VOL. 14, NO. 2

JULY 1989

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MONTANA PRODUCTION & EMPLOYMENT QUARTERLY REPORT

Timber shortages and unusually cold weather in late January and February slowed production in Montana's forest products industry during the first quarter of 1989, reports the University of Montana Bureau of Business and Economic Research.

All major sectors of the industry, lumber, pulp and paper, plywood, particleboard and fiberboard, show reduced production for the first quarter of 1989.

Montana's lumber production in the first quarter of 1989 was about 359 million board feet, down from 428 million board feet for the same quarter in 1988.

Production workers' wages at sawmills and other Montana mills were down by $1 million--from $29.7 million in the first quarter of 1988 to $28.7 million in the same quarter of 1989. Total production employment during this quarter was also down by about 306 workers from the first quarter of 1988, he says.

The figures refer only to production workers at sawmills, plywood plants, pulp and paper mills, particleboard and fiberboard plants and utility pole plants. These production workers account for about half the workers in Montana's forest products industry. Estimates do not include the several thousand workers in logging, trucking and other related jobs affected by the strike.

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CHANGES TO STATE SLASH LAW

As many of you may know, the 1989 Legislature passed some significant changes to the State Slash Law. These changes were recommended by a task force convened by State Forester Gary Brown in early 1988. His charge to the task force, which included a number of industry representatives, was to take a critical look at the State Slash Law, identify needed changes and develop consensus recommendations on how best to implement them. This was in response to issues generated both within the Department and by elements of Montana's forest industry. The task force was successful and its work resulted in House Bill 657. The revised law is effective beginning July 1 of this year. The major changes in the law are summarized below, using a question and answer format. If you have additional questions, please contact any Department of State Lands field office.

Q. What are the changes to the slash program?

A. The most important changes are in the fees that DSL charges to administer, inspect, and enforce hazard reduction agreements (HRAs).

Q. Will this change how I get an HRA?

A. Perhaps, depending on the current practice at your local DSL field office. Starting July 1, field offices will not sign an agreement until you send an HRA application form with application fee attached to the location designated in the instructions.

Q. How much is the application fee?

A. The application fee is $25 for each new HRA, payable to DSL.

Q. Are there any other fees?

A. Yes, sawmills will withhold 60 cents per thousand board feet (MBF) from their purchase payments for your logs, to be applied toward DSL's fee. This 60-cent withholding is in addition to the $6 per MBF withheld as a performance bond. Total withholding now becomes $6.60.

Q. That sounds like a lot of money. How much do I get back?

A. First, the entire $6 per MBF performance bond is refundable after DSL certifies that your slash meets state minimum standards for fire hazard reduction. Second, the 60 cents only applies to the first 500 MBF cut under each HRA each calendar year. Therefore, DSL will refund any fee withholdings for volume in excess of 500 MBF per calendar year per HRA. The refund will be calculated at the time the agreement is closed.

Q. So how much will a hazard reduction agreement actually cost me?

A. All agreements will cost at least $25 (the application fee). The total cost for most agreements will be less than $150. For operations which sell more than 500 MBF in a calendar year, the maximum annual cost is $325.

Q. But the object of the change is for DSL to increase its fee income, right?

A. Yes, total fee income to DSL will increase. However, the main objective of the new fee structure is to ensure that the system is fair to all operators, no matter the size of the operation. In other words, the fees are based on the idea that users of the program should support it in a manner consistent with DSL's actual costs for servicing their agreements. Under the old system, lower-volume agreements usually under-compensated DSL, while larger agreements often paid more than their fair share.

Q. How will my fees be calculated if I have an agreement with DSL that's open before July 1, 1989 and continues on after that date?

A. There is no $25 application fee for HRAs opened before July 1, 1989. For volume sold prior to July 1, fees will be calculated as 4% of the total bond withholdings as of June 30. For volume sold on July 1 and after, 60 cents per MBF will be charged.

Q. Are there other changes to the slash law?

A. Yes. There are changes that will help DSL do a better job of assuring mill compliance. These changes will be discussed further when the Department revises the administrative rules next winter.

Q. What else is going on?

A. This summer, the DSL foresters who service your agreement(s) will be field-testing a new system for determining whether or not slash conditions meet the State's minimum standards for clearance. As always, DSL will evaluate slash conditions based on the potential for uncontrollable fires and property losses. The new system should help DSL foresters make consistent, reasonable decisions about slash treatments to help you comply with the law.

Q. How will this system affect the amount of slash work I have to do?

A. The state only requires whatever work is necessary to satisfy its basic fire protection concerns. Usually, several treatment options (including no treatment) are available to satisfy the standard which applies to a particular site. DSL service foresters will help you design an appropriate slash plan to be included in your agreement. In many cases, the wishes of landowners to maintain a "clean" appearance will go beyond the state's minimum standards.

Q. If I have an agreement right now, will it change when this new system goes into effect?

A. No. Agreements made prior to July 1, 1989 will not be modified. The slash treatment plan in your agreement will be used to measure compliance.

STRONG PULP CHIP MARKET LEADS STONE INTO EXPANDED PULP LOG PROCUREMENT

By William Chandler

Stone Container's pulp mill in Missoula is again buying pulp logs. The reasons are two-fold: 1) a strong paper and linerboard market; and 2) a simultaneous tightening of the regional chip supply. The reduction in the chip supply is due to a number of factors including threatened timber supplies and strong export demands for both chips and logs.

Pulp logs are generally identified as those logs not suitable for sawlogs or peelers because of their small size or because of some type of structural defect such as shake, knots, catfaces, etc. Because of Stone's ability to utilize this often neglected material, logging contractors and land managers now have additional opportunities for forest management and the improvement of Montana's forests.

Cabco, at the "Wye" near the pulp mill, is now contract chipping for Stone and is currently accepting pulp logs that meet the following specifications:

- 3 1/2 inch minimum diameter.
- 18 inch maximum diameter.
- 50 foot maximum length.
- 100 inches minimum length.
- cedar and hardwoods are not acceptable species.
- green logs are preferred, but up to 25% of dry logs on any one load are acceptable.
- Unacceptable quality defects:
    - no char will be accepted.
    - maximum 10% rot.
    - cut off limbs flush with the log.
    - no excessive sweep, crook or forked logs.
    - no metal or other contaminants.

Stone also has two other projects in the works. A chip plant in the Kalispell area is accepting pulp logs and will start chipping by late summer. This should be an opportunity for landowners in this area to more effectively manage their timber land.

A second project includes a face lift for the big chipper at the pulp mill, nicknamed "JAWS", and includes an expansion of the current system to include a drum debarker and screens. When logs can be accepted, and when "JAWS" will start up, is not known at this time.

If you have any questions or need additional information on the developing pulp wood market you can contact Rich, Jim, Ed or Bill at Stone's Forest Division in Missoula at 626-5293.

Bill Chandler is the Northwest District Forester for Stone Container Corporation, Forest Products Division.

MEETINGS

"Lumber Drying Workshop" August 7-11, 1989, University of California, Berkeley, Forest Products Laboratory, Richmond, California. For more information contact Tom Breiner, (415) 231-9487.

"Manufacturing and Marketing Log Furniture" August 21 - 22, 1989, McCall, Idaho. For more information contact Tom Gorman, Department of Forest Products, University of Idaho, Moscow, ID 83843 (208) 885-7402.

"Timber Bridge Workshop" October 5, 1989, Holiday Inn Coeur d'Alene, Idaho. For more information contact Tom Gorman, Department of Forest Products, University of Idaho, Moscow, ID 83843 (208) 885-7402.

"Rocky Mountain Forest Industries Conference" October 11 - 13, 1989, Holiday Inn Parkside, Missoula, Montana. For more information contact Paul Moore, Montana Department of State Lands, 2705 Spurgin Rd., Missoula, MT. 59801.

RECENT PUBLICATIONS

Woods of The Western U.S.A., This 23 page color publication describes the construction, appearance and remanufacturing capabilities of commercial woods found in the Western United States. Available in Japanese and English, copies can be obtained by contacting the Forest Products Marketing Bulletin Editor.

The Forest Products Industry in Montana By Charles E. Keegan III, Roger E. Bergmeier and Paul Moore. This publication describes the structure of the Forest Products Industry in Montana, it's forest resources and economics. Copies can be obtained by contacting the University of Montana, Business and Economic Research, University of Montana, Missoula.

Montana's Post and Pole Industry-An Economic Analysis of Production and Markets By David H. Jackson and Kathleen O. Jackson. Research paper INT-398. This publication can be obtained by contacting the USDA, Intermountain Research Station, 344 25th Street, Ogden, UT 84401.

Proposed Wood Products Plant to Utilize Sub-Sawlog Size and Dead Lodgepole Pine in Northwestern Montana- A Technical and Economic Feasibility Analysis by Peter Koch, Charles E. Keegan III, Edwin J.Burke and Darrell L. Brown. This publication can be obtained by contacting the Marketing Bulletin Editor or the Intermountain Research Station, 344 25th Street, Ogden, UT 84401.

Ready-to-Assemble Furniture Manufacturing, A Business Plan for the Northeastern Area by Ed Pepke. RTA furniture is the upgraded version of knock down (KD) furniture that is the fastest growing segment of the furniture market. The 1987 U.S. market volume of $2 billion is expected to double in 1990. The business plan gives a thorough look at the market. The plan also describes the industry and it's manufacturing methods. This publication can be obtained by contacting: Ed Pepke, Forest Management and Utilization, Northeastern Area, State and Private Forestry, USDA Forest Service, 1992 Folwell Avenue, St. Paul, MN 55108; Ph: (612) 649-5238.

The following publications can be obtained at no charge by contacting Information Services, USDA Forest Service, Forest Products Laboratory, One Gifford Pinchot Drive, Madison, WI 53705-2398 or phone (608) 264-5637:

Dry Kiln Schedules for Commercial Woods-Temperate and Tropical, General Technical Report FPL-GTR-57; By Sidney Boon, Charles J. Kozlik, Paul J. Bois, Eugene M. Wengert.

Electric Moisture Meters for Wood, General Technical Report FPL-GTR-6; By William L. James.

Light-Frame Wall and Floor Systems-Analysis and Performance, General Technical Report FPL-GTR-59; By G. Sherwood, R.C. Moody.

Investment Opportunity: The FPL Low-Cost Solar Dry Kiln, General Technical Report FPL-GTR-58; Two equations are presented that may be used to estimate a maximum investment limit and working capital requirements for the FPL low-cost solar dry kiln system.

Moisture Content and the Shrinkage of Lumber, Research Paper, FPL-RP-489; By David W. Green.

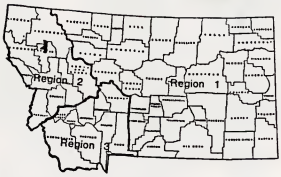
NATIONAL FORESTS PROVIDE 77,000 CORDS FOR FIREWOOD IN 1988

Last year more than 77,000 cords of firewood were harvested in the 13 National Forests of the Northern Region. Stacie DeWolf, resource specialist in the Northern Region headquarters, reports the fire wood harvest volume in 1988 was down from the 126,400 cords harvested the previous year. "It was the lowest firewood harvest volume since the record high volume of 217,200 cords of 1983," DeWolf explained. There has been a steady decline in the firewood volumes in the past 6 years." The smallest firewood harvest was on the Deerlodge National Forest: 230 permits and 1,095 cords of wood.

MONTANA LOG PRICE REPORT

The State-wide Log Price Report on the following page catalogs recently delivered average log prices to sawmills by species using three geographical areas within Montana. Prices are provided by approximately 35 sawmills operating within the state. The report is compiled through the University of Montana, Bureau of Business and Economic Research in Missoula.

Market Trend Spot market prices reported by the firms for delivered logs from non-industrial private lands seem to confirm the much publicized recent increases in timber prices. Since December, 1988 delivered log prices at many Montana sawmill have increased substantially. Old growth Ponderosa Pine increased 35%; Lodgepole Pine 23%; Douglas-fir 15%; and Western Larch 29%.



MONTANA SAWLOG AND VENEER LOG PRICE REPORT

JUNE - JULY 1989

The following information is a summary breakdown of recent past average prices reportedly paid by primary wood processors for logs of the various species listed. These prices are not necessarily a reflection of current market prices. Fair market prices may vary a great deal based on log size, length, quality, contract size and terms, and a number of other factors. All information reported is recent average price per thousand board feet (MBF), Scribner Decimal rule, delivered to the mill site, unless otherwise noted.

Prices provided for this report by individual firms are treated as confidential disclosure of the firm's operations. Any requests for mill-specific data which have been provided for the log report will be denied.

SAWLOGS Scribner Dec C MBF	REGION I	*	REGION II	*	REGION III	*
	Avg. Low High		Avg. Low High		Avg. Low High	
Ponderosa pine		G		G-P		
(Yellow)		G	$297/$240/$330	G		
(Bull)	$150/$145/$155	G-F	$166/$140/$200	G-F	$165/$160/$170	G-F
Lodgepole pine	$165/$160/$170	G-F	$183/$165/$205	G	$180/$160/$195	G
Douglas-fir	$165/$160/$170	G-F	$185/$160/$215	G	$179/$160/$195	G
Western larch			$192/$165/$215	G	$185/$165/$215	G
Englemann spruce		F	$191/$158/$215	G	$185/$175/$195	G-F
Subalpine fir			$176/$160/$215	G-F	$188/$175/$195	G-F
Grand fir			$178/$160/$215	G-F		
Western red cedar			$214/$165/$260			
Hemlock			$173/$150/$195	P		
White pine			$330/$300/$370			

VENEER LOGS Scribner Dec C MBF	STATEWIDE REPORT	
Species	Avg. Low High	Demand next 60 days*
Douglas-fir	$187/$185/$190	G
Ponderosa pine (bull)	$182/$175/$190	G
Western larch	$198/$185/$220	G
Engelmann spruce	$205/$190/$220	G

* Demand next 60 days
G = Good
F = Fair
P = Poor

COMPUTER PROGRAM CALCULATES LOG VALUE BASED ON MOISTURE CONTENT AND SPECIFIC GRAVITY

Log Value and Volume Program: This simple to use Lotus 1-2-3 spreadsheet program using the MS-Dos operating system, calculates lbs./Ft3, cubic volume and value of logs on a per ton basis. The user must know the log diameters, moisture content, specific gravity, and price per ton. A copy of the program can be obtained by sending a formatted diskette to the Montana Forest Products Bulletin Editor. MS-DOS and Lotus 1-2-3 are not included.

Example of Log Value Program:

	(Data Entry)				(Data Entry)	
Species	Log Length	Butt Dia	Top Dia	Cu.Ft. Volume	Number of Pieces	Price Per Ton
Lodgepole	25.10	10.00	5.50	8.92	1	$18.00

(Data Entry)			
Moisture Content in %	Specific Gravity	Lbs/Ft3 AT % MC	Total Value
111.00	.44	57.93	$2.70

PRODUCTS FOR SALE

1/4" to 2 1/4" dia. x 16 ft. lg. or larger dowels available in lengths up to 10 ft. long. Balls, bases, blocks, electronic parts, handles knobs, molding, plugs, reels rollers, shaping, spools, toy parts, wedges and wheels. Available in plain, dip spray or tumble finishes. We treat for outside use. Also, Cooper's and food processor supplies. Many other products to customer specs. Ed Koelbl, American Wood Working Company, P.O. Box 335, Montello, WI. 53949; Ph: (608) 297-2131.

Northern White Cedar Shakes, 18" long-1/2" - 5/8" thick. 4 bundles per square. One sq. covers approximately 100 square ft. with a 8 1/2" exposure. Also available is non toxic campfire starters, made from cedar excelsior and wax. Campfire starters sell for $3.00 a bag. Contact Donald or Pam Hauner, Box 438, Littlefork, MN 56653. Ph: (218) 278-4115.

EQUIPMENT FOR SALE OR WANTED

Want to buy: Mobile Dimension Sawmill; Fairlead or arch that fits or can be modified to fit a carco J-10 winch. Contact Paul Miller, Box 965, Lodge Grass, MT, 59050. Ph: (406) 639-2527.

Equipment for Sale or Wanted (Continued)

For sale or trade: Mountain Logger Skidder 3-53 motor gearmatic model 19 winch, $6,500. Portable sawmill 3 headblocks, $4,500. Mobile Dimension Sawmill on trailer Hyd. Dogs, $7,500. Ford Diesel power plant 4 cyl. needs work, $750. Cat 4600 diesel power plant, $2,800. Perkin power plant 3 cycle diesel, $1,500. New No. 100 2 strand roller chain. Some sawmill parts Hyd. Two HD5G Loaders, needs some work, $2,500. Contact Gene Brue, Rt. 85, Box 4054, Livingston, MT 59047. Ph: (406) 222-7712

For sale: Model 32 (10" knife) to fit left hand. Complete with grinder and many extra parts. In excellent condition. Contact The Eberhardt Company, P.O. Box 160, 9 Spruce St., Buffalo, WY 82834. Ph: (307) 684-9676 or 684-9039.

For sale: Green sawdust, wood chips, hogged fuel burners, for kiln drying lumber or process and plant heat. Sizes up to 8,000,000 BTU/Hour. Retrofit to existing boiler systems or new installations. Industrial/Commercial and residential warm air furnaces also available. Contact Humble Energy Products, Hwy 43 North, Rushford, MN 55971. Ph: (507) 864-2525.

For sale: 1988 TD 15-E w/Esco grapple, 900 hours. 1988 CASE 1450-B w/HYSTER W6F Tillotson Arch, 500 hours. 1987 JD 648-D w/Esco 212-B grapple, cab; 1100 hours. 1985 JD 640 w/Esco 212 grapple, cab; 5200 hours. 1987 HOOD LOADER, Pierce Carrier, 1100 hours. 1987 HARRICANNA DELIMBER on Case 1187 Carrier. 1979 GALION T-500 M GRADER includes scarifier, 3900 hours. Priced well below book. F.O.B. Missoula. Dealer inquiry welcome. Contact Thomas J. Wilke, Ph: (406) 273-0112.

For sale: 1) 1983 TREE FARMER C7D $19,000 2) '78 TF C6D $14,500 3) '74 TF C5D $10,000 4) '78 TBJ 380 $14,000 5) Pettibone $4,200 6) '82 JD 440C Never Logged $25,000 7) '82 JD 540B $24,000 8) '78 JD 440C $17,500 9) '80 Clark 664C $15,500 10) '78 Clark 666C $14,500 11) '84 TBJ 240A $24,500 12) '81 Franklin 75 $9,800 13) '82 TBJ 380 $26,000 14) '78 Clark 666C Clark Grapple $17,500 15) '83 TF C7D 100" Esco $25,500 16) '79 JD 640 Dual Arch $25,000 17) '83 JD 540B "640 Axles" $27,500 18) '82 JD 540B $25,500 19) '79 IHC S8A $13,000 FELLER BUNCHERS 20) Franklin 170 Wheel Ldr $26,000. Contact Midwest Tractor, Inc., Big Lake, MN 55309. Ph: (612) 263-3777.

For sale: Can't find the right size Live Powered Log or Bunk Deck? Call us for our low overhead quote today. Specify length and width, 1-2 phase, or hyd. Save even more by doing some of the work in your own shop. All necessary parts are welded and machined. Includes all essential parts; chains, bearings, shafts, steel beams, sprockets, reductions and bolts. Contact Wagner Machine Repair, R.D. #1, Box #424, 136 Ridge Rd., Beaver Springs, PA 17812. For information, phone (717) 658-7301

For sale: Services. Sharpening service for Indexable Carbide Tips. 2 or 4 sided and rounds, used on notchers, resaws planer/sizer heads. $2 each. Fast turn around service. Ship PP or UPS. New replacements: 2-sided $4.75, 4-sided $3.90, Rounds $5.75 each. Wagner's Machine Repair, 136 Ridge Rd., R.D. #1, Box #424, Beaver Springs, PA 17812. For information phone (717) 658-7301.

If you wish to advertise a forest product or a piece of wood-processing machinery in this bulletin, complete form below. No charge is made for this service. If you wish to rerun a item, a written request must be submitted before the next issue.

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